

Tax Alert: Additional technical amendments proposed to Act 22

House of Representatives Bill 2610 (“Bill 2610”) proposes new eligibility requirements for the issuance of tax exemption decree (“decree”) under Act 22-2012. It also strengthens the public policy of the Government of Puerto Rico to ensure the moral character of the grantees. Currently, this bill is under the consideration of the Conference Committee of the Puerto Rico Legislature.

One of the main differences of the bill approved by the House and the one approved by the Senate, is that the original bill provided for an additional tax of 5% on the capital gain of assets acquired prior to becoming a PR resident. Such tax would apply if the asset is sold after 10 years of becoming a PR resident. The bill approved by the Senate eliminates this tax.

Secretary of Economic Development and Commerce (“Secretary”) authority to request information

Once a decree application is filed, the Secretary will have the discretion and powers to accept, deny, or modify the recommendation provided by the Office of Industrial Tax Exemption. Also, the Secretary could request additional information and/or documents.

Additional eligibility requirements

As essential conditions for the issuance of the decree, the applicants must provide the following information:

- last five years’ original criminal records issued by any country in which the applicant has lived and/or worked
- sworn statement to prove that no fraud accusation or investigation has been conducted against the applicant
- reliable information regarding the interests and dividends sources
- information to determine if the applicant currently is or has ever been a party to any investigation, administrative proceedings or procedures related to the practice of their profession
- economic information to prove financial solvency.

Revocation powers of the Secretary

In addition, the Secretary will have the authority to revoke any decree when the grantee has incurred in fraud, dishonesty or moral depravity acts.

Note: A grantee adversely affected by a decision issued by the Secretary to revoke and/or cancel a decree will have available the judicial revision procedures, as provided by the laws of Puerto Rico.

We will monitor the development of this tax bill and keep you updated through our Tax Alerts.

Please contact our Tax Department should you require additional information regarding this or any other tax issue. We will be glad to assist you.



Contact us

For assistance in this matter, please contact us via maria.rivera@pr.gt.com, francisco.luis@pr.gt.com, lina.morales@pr.gt.com or isabel.hernandez@pr.gt.com



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